

January 15, 2003

Legislative Audit Commission
622 Stratton Office Building
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General for the second quarter of Fiscal Year 2003 ending December 31, 2002.

FISCAL MATTERS

<i>FY 2003 – SECOND QUARTER</i>				
	<i>Appropriation</i>	<i>Expended</i>	<i>Obligated</i>	<i>Balance</i>
Personal Services	\$ 3,775,000	\$ 1,789,964	\$ 0	\$ 1,985,036
Employee Retire. (Employer)	151,000	68,978	0	82,022
State Retirement	389,600	183,574	0	206,026
Social Security	288,800	130,207	0	158,593
Contractual Services	475,000	228,004	202,684	44,312
Travel	50,600	11,704	0	38,896
Commodities	12,000	3,472	0	8,528
Printing	15,000	8,839	0	6,161
Equipment	10,000	6,374	0	3,626
EDP	25,000	10,884	5,940	8,176
Telecommunications	70,000	23,097	0	46,903
Oper. of Auto. Equip.	5,000	737	0	4,263
ROE Audits	701,800	244,876	311,632	145,292
Audits/Studies/Invest.*	<u>13,472,300</u>	<u>3,556,743</u>	<u>5,390,702</u>	<u>4,524,855</u>
TOTAL	<u>\$19,441,100</u>	<u>\$6,267,453</u>	<u>\$5,910,958</u>	<u>\$7,262,689</u>
*Audit Expense Fund				

PERSONNEL

<i>PERSONNEL</i>					
	<u>10-01-02</u>	<u>Appointments</u>	<u>Separations</u>	<u>Transfers</u>	<u>12-31-02</u>
Springfield	64	1	5	0	60
Chicago	<u>10</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>07</u>
TOTAL	<u>74</u>	<u>1</u>	<u>8</u>	<u>0</u>	<u>67</u>

CONTRACTS

During the second quarter of Fiscal Year 2003 the Office of the Auditor General entered into three financial/compliance audit contracts, one information systems contract and one performance audit contract.

TRAINING

Training for the second quarter of Fiscal Year 2003 included Bond Issuance in the State of Illinois, Confidentiality, Microsoft Excel and Word, and Using Electronic Workpapers. Additional external training that staff participated in includes Conflict Resolution, Habits of Effective Leadership: Future of Leadership, Future of Intrusion Detection Systems, Integrated Auditing, Opportunities and Challenges in Internal Auditing, Reigning in Audit Cycle Time, Tandem Security, Wireless LAN Security, Wireless Network Analysis Workshop, and Workstation Disposal: Who's Looking at Your Data.

PERFORMANCE AUDITS

<i>PERFORMANCE AUDITS IN PROGRESS</i>
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<i>AUDITS</i>	<i>ESTIMATED RELEASE DATE</i>
<ul style="list-style-type: none">• Compliance and Management Audit of Chicago's Airports (<i>PA 89-386</i>)	Unknown
<ul style="list-style-type: none">• Financial and Management Audit of the Teachers Academy for Mathematics and Science (<i>H.R. 304</i>)	Winter 2003
<ul style="list-style-type: none">• Management Audit: Illinois State Toll Highway Authority (<i>SJR 72</i>)	Spring 2003
<ul style="list-style-type: none">• Management Audit: Grade Crossing Protection Fund (<i>LAC No. 123</i>)	Summer 2003
<ul style="list-style-type: none">• Management Audit: Regulation of Grain Dealers and Administration of Grain Insurance Fund (<i>LAC No. 125</i>)	Summer 2003
<ul style="list-style-type: none">• Management Audit: DCMS' Administration of the State's Space Utilization Program (<i>LAC No. 126</i>)	Fall 2003

REGIONAL OFFICES OF EDUCATION AUDITS

Public Act 92-544, effective June 12, 2002, gave the Office of the Auditor General the responsibility for the conduct of annual audits of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State. Previously, these audits were the responsibility of the Illinois State Board of Education. There are 48 total audits to perform; 45 are of Regional Offices of Education and 3 are of Intermediate Service Centers. The Office of the Auditor General contracted with 11 public accounting firms to perform these audits, which began in July 2002. The ROE audits will be released in 2003.

FINANCIAL & COMPLIANCE AUDITS

The following is a listing of financial and compliance audits for the period(s) ending June 30, 2002. As the year progresses the “date released” column will be completed.

***FINANCIAL & COMPLIANCE AUDITS
FOR THE PERIOD(S) ENDING JUNE 30, 2002
AND DECEMBER 31, 2002***

F = Financial

C = Compliance

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Attorney General			
Capital Development Board			
Chicago State University			
Chicago State University Foundation			
Comptroller – Fiscal Officer			
Comptroller – Non-Fiscal Officer			
Department on Aging			
Department of Agriculture (DuQuoin Fair)			
Department of Agriculture (IL State Fair)			
Department of Central Management Services			
Department of Central Management Services (Deferred Compensation Plan)			
Department of Children and Family Services			
Department of Commerce and Community Affairs			
Department of Corrections – General Office			
Dept.of Corrections, Correctional Center - <i>Big Muddy River</i>			
Dept. of Corrections, Correctional Center - <i>Centralia</i>			
Dept. of Corrections, Correctional Center - <i>Danville</i>			
Dept. of Corrections, Correctional Center - <i>Decatur Womens</i>			
Dept. of Corrections, Correctional Center - <i>Dixon</i>			
Dept. of Corrections, Correctional Center - <i>Dwight</i>			
Dept. of Corrections, Correctional Center - <i>East Moline</i>			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Dept. of Corrections, Correctional Center - <i>Graham</i>			
Dept. of Corrections, Correctional Center - <i>Hill</i>			
Dept. of Corrections, Correctional Center - <i>IL River (Canton)</i>			
Dept. of Corrections, Correctional Center - <i>Jacksonville</i>			
Dept. of Corrections, Correctional Center - <i>Joliet</i>			
Dept. of Corrections, Correctional Center – <i>Lawrence</i>			
Dept. of Corrections, Correctional Center – <i>Lincoln</i>			
Dept. of Corrections, Correctional Center – <i>Logan</i>			
Dept. of Corrections, Correctional Center – <i>Menard</i>			
Dept. of Corrections, Correctional Center – <i>Pinckneyville</i>			
Dept. of Corrections, Correctional Center – <i>Pontiac</i>			
Dept. of Corrections, Correctional Center – <i>Robinson</i>			
Dept. of Corrections, Correctional Center – <i>Shawnee</i>			
Dept. of Corrections, Correctional Center – <i>Sheridan</i>			
Dept. of Corrections, Correctional Center – <i>Southwestern IL</i>			
Dept. of Corrections, Correctional Center – <i>Stateville</i>			
Dept. of Corrections, Correctional Center – <i>Tamms</i>			
Dept. of Corrections, Correctional Center – <i>Taylorville</i>			
Dept. of Corrections, Correctional Center – <i>Vandalia</i>			
Dept. of Corrections, Correctional Center – <i>Vienna</i>			
Dept. of Corrections, Correctional Center - <i>Western Illinois</i>			
Department of Corrections, Correctional Industries			
Dept. of Corrections, IL Youth Center – <i>Chicago</i>			
Dept. of Corrections, IL Youth Center – <i>Harrisburg</i>			
Dept. of Corrections, IL Youth Center – <i>Joliet</i>			
Dept. of Corrections, IL Youth Center - <i>Kewanee</i>			
Dept. of Corrections, IL Youth Center – <i>Murphysboro</i>			
Dept. of Corrections, IL Youth Center – <i>Pere Marquette</i>			
Dept. of Corrections, IL Youth Center – <i>St. Charles</i>			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Dept. of Corrections, IL Youth Center – <i>Valley View</i>			
Dept. of Corrections, IL Youth Center – <i>Warrenville</i>			
Department of Employment Security			
Department of Financial Institutions			
Department of Human Services			
Department of the Lottery			
Department of Military Affairs			
Department of Natural Resources			
Department of Public Aid			
Department of Revenue			
Department of State Police			
Department of Transportation			
Department of Veterans' Affairs - General Office			
Drycleaner Environmental Response Trust Fund Council			
East St. Louis Financial Advisory Authority			
Eastern Illinois University			
Eastern Illinois University Alumni Association			
Eastern Illinois University Foundation			
Environmental Protection Agency			
General Assembly – Retirement System			
Governors State University			
Governors State University Alumni Association			
Governors State University Foundation			
Health Care Cost Containment Council			
Historic Preservation Agency			
Illinois Community College Board			
Illinois Community College System Foundation			
Illinois Conservation Foundation			
Illinois Development Finance Authority			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Illinois Farm Development Authority			
Illinois Health Facilities Authority			
Illinois Housing Development Authority			
Illinois Mathematics and Science Academy			
Illinois Mathematics and Science Academy Fund			
Illinois Medical District Commission			
Illinois Racing Board			
Illinois Rural Bond Bank			
Illinois State Board of Investment			
Illinois State Toll Highway Authority			
Illinois State University			
Illinois State University Foundation			
Illinois Student Assistance Commission			
Illinois Veterans' Home – Anna			
Illinois Veterans' Home – LaSalle			
Illinois Veterans' Home – Manteno			
Illinois Veterans' Home – Quincy			
Illinois Violence Prevention Authority			
Industrial Commission – Self Insurer's Fund			
Joint Committee on Administrative Rules			
Judges Retirement System			
Judicial Inquiry Board			
Kankakee River Valley Area Airport Authority			
Law Enforcement Training Standards Board			
Legislative Information System			
Liquor Control Commission			
Manufacturing Technology Alliance			
Northeastern Illinois University			
Northeastern Illinois University Foundation			

FINANCIAL & COMPLIANCE AUDITS (Continued)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Northern Illinois University			
Northern Illinois University Alumni Association			
Northern Illinois University Foundation			
Office of Banks and Real Estate			
Petroleum Resources Board			
Pollution Control Board			
Prairie State 2000 Authority			
Prisoner Review Board			
Propane Education and Research Council			
Property Tax Appeal Board			
Secretary of State			
Sex Offender Management Board			
Southern IL University			
Southern IL University – Carbondale Alumni Association			
Southern IL University – Carbondale Foundation			
Southern IL University – Edwardsville Alumni Association			
Southern IL University – Edwardsville Foundation			
Southern IL University – Physicians & Surgeons, Inc.			
Southern IL University – University Park			
Southwestern Illinois Development Authority			
State Appellate Defender			
State Board of Education			
State Employees’ Retirement System			
State Fire Marshal			
State Police Merit Board			
State’s Attorney’s Appellate Prosecutor			
Statewide Single Audit			
Teachers’ Retirement System			
Treasurer – College Savings Pool			

FINANCIAL & COMPLIANCE AUDITS *(Continued)*

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Treasurer – Fiscal Officer			
Treasurer – Illinois Funds			
Universities Retirement System			
University of Illinois			
University of Illinois Alumni Association			
University of Illinois Foundation			
University of Illinois – Chicago HMO			
University of Illinois – Lincolnland Energy, Inc.			
University of Illinois – Prairieland Energy, Inc.			
University of Illinois – Research Park, LLC			
University of Illinois – Ventures, LLC			
University of Illinois – Wolcott, Wood & Taylor, Inc.			
Western Illinois University			
Western Illinois University Foundation			
Wheat Development Board			

INFORMATION SYSTEMS AUDITS

These audits are components of each agency's regularly scheduled financial and compliance audit for the period ending June 30, 2002.

<i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2003</i>	
•	Attorney General
•	Comptroller
•	Department on Aging
•	Department of Central Management Services – BCCS 3 rd Party Review
•	Department of Children and Family Services
•	Department of Commerce and Community Affairs
•	Department of Corrections
•	Department of State Police
•	Environmental Protection Agency
•	Financial Institutions
•	Illinois Liquor Control Commission
•	Illinois State Board of Investment
•	Illinois State University
•	Northern Illinois University
•	Office of Banks and Real Estate
•	Southern Illinois University
•	State Board of Education
•	Teachers' Retirement System
•	University of Illinois

EMERGENCY PURCHASES

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the second quarter of Fiscal Year 2003 and it contains fifty-nine filings with this Office.

CONTRACTUAL SERVICES CERTIFICATIONS

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive prior to January 1, 1992. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the second quarter of Fiscal Year 2003, the Auditor General did not receive any new contractual services certifications.

Copies of certifications received in previous quarters are on file in our Office.

Yours truly,

WILLIAM G. HOLLAND
Auditor General